

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

SB 1128 – HB 1116

April 3, 2014

SUMMARY OF ORIGINAL BILL: Removes reference to a repealed section of statute pertaining to exemptions of deadlines for notices of decisions and appeal procedures provided by the county board of equalization.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (015026): Deletes all language after the enacting clause. Requires the base tax for property tax freeze programs to be recalculated in any year in which the actual tax due is less than the previously established base tax for the property and applies this recalculated base tax until further recalculation. Requires each assessor to make assessment records available to the County Trustee and other tax collecting officials in electronic format or such other format as agreed upon. Authorizes assessors, with approval of the director extends the filing deadline to April 15 for any year in which electronic filing is required by the county. Tangible person property assessments may be appealed directly to the state board of equalization (SBE) until 45 days after the assessment change notice is sent. Requires procedures for mitigation of a forced assessment of tangible personal property the same as the procedures for correction of error pursuant to Tenn. Code Ann. § 67-5-509. Authorizes the use of photography of real property during a county-wide appraisal in addition to on-site review.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On March 25, 2014, a fiscal memorandum was issued estimating the fiscal impact as follows:

Increase State Expenditures - \$5,000

Increase Local Revenue – Net Impact – Not Significant

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Other Fiscal Impact – In the event a local government opts to make assessment records available in electronic format it will result in an increase in local government expenditures which cannot be quantified; however such increase will be permissive.

Based on additional information and analysis from the Comptroller of the Treasury, the corrected fiscal impact is:

(CORRECTED)

Increase State Expenditures – Not Significant

Increase Local Revenue – Net Impact – Not Significant

Other Fiscal Impact - In the event a local government opts to make assessment records available in electronic format it will result in an increase in local government expenditures which cannot be quantified; however such increase will be permissive.

Assumptions for the bill as amended:

- According to information provided by the Comptroller of the Treasury (COT), recalculation of base taxes for property tax freeze programs will require COT to make software changes to state assessment systems to capture the new base; however any cost associated with such changes can be accommodated within existing resources.
- According to COT, in counties that have adopted property tax freeze programs, the recalculation of the base tax will result in a decrease in local government property tax revenue of approximately \$100,000 statewide each year.
- The provisions of the bill require assessors to make assessment records available in electronic format, or in a format as may be agreed upon. It is assumed counties who currently do not have assessment records in electronic format will establish an agreement to maintain their current format; therefore the estimated fiscal impact to local government is estimated to be not significant.
- In the event any local government opts to make assessment records available in electronic format, it will result in an increase in local government expenditures that cannot be quantified; however any such increase will be permissive.
- Based on information provided by COT, authorizing electronic filing of tangible personal property schedules and the use of photography during a county-wide appraisal will not result in any significant fiscal impact to local government.
- According to COT, the provisions of the bill as amended will shorten the length of time for appeal of forced assessment of tangible personal property by approximately one year. It is estimated some property owners would not adhere to this deadline and would be required to pay the forced assessment amount. This will result in an increase in local government revenue of approximately \$100,000 statewide.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jrh